



THE FUTURE OF LIBRA: A NEW WORLD ORDER?

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A Wikistrat Crowdsourced Simulation
September 2019





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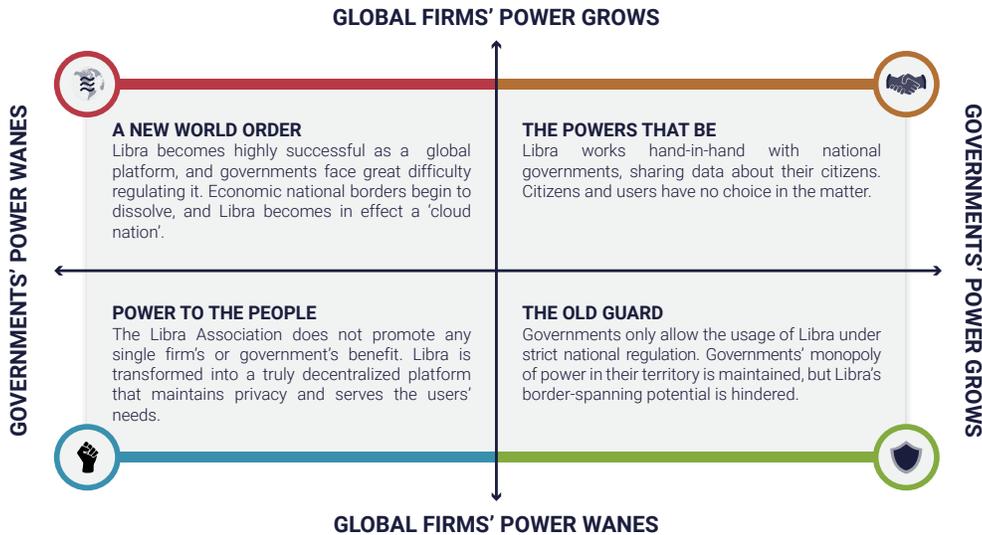


EXECUTIVE SUMMARY |

Libra, a new global cryptocurrency initiated by Facebook, has the potential to disrupt the delicate balance between international firms and nation states. Many have taken notice of this potential for disruption, with some governmental representatives claiming that “Facebook’s almost trying to turn itself into its own country,” and that “These digital giants are turning into private states – states over which citizens have no control and where democracy has no place.... We cannot let companies, which are serving private interests, gather all the attributes of sovereign states. We must act.”

It is, therefore, clear that the potential futures of Libra need to be explored and better understood. For that purpose, we conducted a study in which experts from 16 nations were asked to rank the plausibility of four different scenarios for the futures of Libra and sovereignty. The participants in the study were mainly experts in political science, geopolitics, international relations, foresight, and futures studies. The study was conducted under the auspices of Wikistrat, a crowdsourcing analysis and consulting firm.

Obviously, these four scenarios do not fully represent all of the possible branches in which the future may unfurl. Nonetheless, we hope that this preliminary study will provide insights about the possibilities Libra holds in store for the world – for governments, international organizations, firms, and the Libra Association itself.



1.1. FIRST SCENARIO: **THE OLD GUARD PREVAILS**

In this scenario, governments only allow the usage of Libra under strict national regulation. In places where Libra does not obey governmental regulations, its use is sanctioned, ostracized, and even becomes illegal. Each government's monopoly of power in its territory is maintained, but Libra's border-spanning potential is hindered. In a very real way, this scenario means that Libra has failed in its most ambitious purpose: breaking down the high walls that have been built between nations.

The median likelihood assessment for this scenario arising by 2030 is 7 out of 10. The experts gave several reasons for this assessment:

- » The Libra Association is initially likely to go along with governmental requirements to spread its currency.
- » Countries will not easily accept Libra's threat to their sovereignty and will enforce strict regulatory guidelines to restrict and constrain its use in their territories.
- » The Libra Association is likely to negotiate and sign different agreements with different governments, finding ways to comply while creating as uniform a framework as possible, which can later be adapted into an internationally uniform framework.

The experts emphasized that this scenario may be an intermediate stage before Libra fulfills its global potential. As Libra becomes more successful and its use becomes more widespread, it will eventually be able to reshape some national regulations to fit its global needs.

The experts proposed several countermeasures that governments could undertake to ensure that the Libra Association conforms to their demands. Other than the obvious means of simply outlawing the use of Libra, these include (the full list can be found in the relevant section in the report):

- » **Imposing banking regulations:** National and transnational governments could declare the Libra Association to be a financial services company/organization and, therefore, immediately subject to all national and international banking regulations. Indeed, as the Libra Association is de facto acting as a financial service provider, it could fall under numerous regulations that the banking industry endures today.
- » **Limiting Libra to small transactions:** Libra could be limited to relatively small transactions and excluded from the purchase of real estate, weapons, and similar high-level transactions.
- » **Making Libra unattractive to potential users:** Governments could impose fees on companies that utilize Libra and make it deliberately difficult for ordinary users to pay with Libra. For example, they could attach an official exchange rate of their local currency to each transaction made with Libra, and possibly ask the Libra Association and its ecosystem to bear the additional costs associated with assimilating Libra into the system.

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Kill Libra asap. Make it illegal. Put Zuckerberg in jail. Stop Facebook.

A participant in the study



1.2. SECOND SCENARIO: THE POWERS THAT BE

In this scenario, Libra works hand-in-hand with national governments, sharing data with each government about its citizens. Libra becomes a globe-spanning platform but is mostly operating under the governments' laws and regulations. In effect, the Libra Association becomes an agent of the government.

The median likelihood assessment for this scenario arising by 2030 is 5.5 out of 10. The experts gave several reasons for this assessment:

- » The Libra Association is essentially designed to work with governments.
- » There are many international stakeholders who are in a position to benefit from the adoption of Libra or risk lagging behind as the digital economy progresses without their assistance.
- » Even if governments reject the use of Libra, users may take the choice out of their hands by rapidly, even aggressively, adopting Libra as a means for transferring money and making payments. In this case, governments will have no choice but to join the fray and allow the use of Libra, but with some regulation of the coin in their territories.

The experts recognized the inherent risk in this scenario and have recommended taking several steps to minimize it. These include (the full list can be found in the relevant section in the report):

- » **Establishing an independent unit to look after Libra:** The Libra Association can establish an independent privacy and civil liberties oversight unit to monitor and publicly report on the development and evolution of the platform.
- » **Examination by multilateral bodies:** Multilateral bodies, such as the Financial Action Task Force (FATF), can and should extend their examination of

cryptocurrencies to include Libra, to deter and prevent its use for illicit funding transfers.

- » **Establishing legal protocols for sharing data:** The Libra Association should work with G20 governments to establish model legal protocols for sharing financial data in response to a lawful request. Individual countries, or blocs such as the EU, may choose to impose more restrictive procedures based on their routine practices.



1.3. THIRD SCENARIO: **A NEW WORLD ORDER**

In this scenario, Libra becomes highly successful as a global platform and governments face great difficulty regulating it. When governments try to impose regulations ('fair' or 'unfair', depending on one's point of view) on the Libra Association, they encounter pushback from the entire association, limiting the access of their citizens to the platform. As a result, economic national borders begin to dissolve, and Libra becomes, in effect, a 'cloud nation' that encompasses the citizenry of dozens of nations all over the world.

The median likelihood assessment for this scenario arising by 2030 is 4.5 out of 10, making it the third most probable scenario. The experts gave several reasons for this assessment:

- » The sheer volume of Libra users (2.3 billion potential users) will ensure that it will have the power it needs to enforce its own policies and rules on nation states.
- » In many nations with weak economies, the regulatory bodies will have a hard time stopping their citizens from using Libra, leading to massive adoption at grassroots-level.
- » All the same, the world's superpowers (US, Russia, China, EU) will still want to impose strict regulation over Libra, thus limiting its potential and hindering a rapid global adoption.

The experts have come up with several suggestions for ways in which the Libra Association can bring about this future. These include (the full list is in the relevant section in the report):

- » **Collaborating with small nations:** The Libra Association could find early state-level partners, especially third-world countries, which would receive favorable terms by allowing their citizens to use Libra freely and even assimilating the coin into their national economies.
- » **Working with international bodies:** The Libra Association could work more closely with international bodies, like the International Monetary Fund, which by their very nature are mandated to be representative of the discrete governments.
- » **Pitting nations against each other:** The Libra Association could induce tensions between nations regarding the rules and international regulations that the association would accept. While the nations quarrel among themselves on this issue, the Libra Association could carry on its quest to obtain more users.

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Watchdogs should establish privacy safeguards with appropriate access.

A participant in the study

- » **Stalling:** The Libra Association could stall for time by ‘playing nice’ with governments and international bodies and negotiating with them about its terms of conduct. In the meantime, however, and before countries have had time to adapt to the new reality, it will continue recruiting as many users as possible.

Some of the potential consequences of this scenario, such as new ways to understand justice systems (especially international ones), prevention of illegal and dangerous activities, operating physical force, and establishing international governance systems, are also explored in this section of the report.



1.4. FOURTH SCENARIO: **POWER TO THE PEOPLE**

In this scenario, governments fail to regulate the new platform, but the Libra Association is reluctant to exert its power over its users. As a result, the platform is geared to mainly serve the public: privacy rules supreme and users have the power to decide how their data will be handled. Governments discover that many of their services are not required anymore, as citizens choose to use Libra’s services instead – even for services that traditionally reside within the governmental sphere, like social security or unified healthcare insurance.

The median likelihood assessment for this scenario arising by 2030 is 3 out of 10, making it the least probable scenario. However, this scenario may still come to happen, potentially in the following way:

- » If Libra is to be successful, the Libra Association would have to constantly be working toward maintaining the trust of their users and keeping them up-to-date in terms of data storage and protection.
- » Watchdog organizations would be intimately involved in the operations of Libra (probably as members of the Libra Association) and will ensure the privacy of users. In many cases, they will even prevent the release of users’ data to governments, thus distancing Libra from governmental control.
- » Users will be technologically savvy enough to demand control over their data and avoid Libra-based services that do not respect their wishes. As a result, the Libra Association will maintain a high degree of privacy and ethical behavior.
- » Even if the Libra Association fails in its attempt to collaborate with governments, it can declare a change of direction and open the system to all users, with a privacy policy that protects the users, leading to this scenario.

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No matter how governments put restrictions on protecting their citizens and protecting their cash assets and at the same time wanting to control the money of the people, they cannot take absolute control.

A participant in the study

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This would be the most difficult scenario for the powers that be. It would create chaos in the monetary world. Fiat currencies would be the first to lose...

A participant in the study



INTRODUCTION |

In June 2019, Facebook revealed its plans for Libra, a new kind of global cryptocurrency. Libra users will be able to purchase items and merchandise all over the world and make international money transfers with a click of a button or a swipe of a finger, with near-zero marginal costs and fees.

Facebook is not the sole owner of Libra, nor is it in full control over the new cryptocurrency. Instead, Facebook is joining forces with 27 other large organizations (and dozens of other organizations are expected to join as partners) that together will form the Libra Association. Each of the members of the Libra Association gets to have a single vote in the governing body of the organization.

These organizations include finance companies like Visa, Mastercard, Stripe, and PayPal. Other members in the Libra Association include service companies like Booking Holdings and Uber, the telecommunications giant Vodafone Group, and even some nonprofit organizations like the Mercy Corps and the Women's World Banking. **Put together, these firms overlook and execute nearly ten percent of all financial transactions worldwide.**

It is clear that the creation and execution of the Libra cryptocurrency system can have significant international consequences. Without a proper regulatory framework, Libra could disrupt the international financial industry, break down national borders, and become the first real global coin. Clearly, few governments are willing to let this happen without some pushback. Indeed, the United States Congress is currently debating the regulatory aspects of Libra (O'Neal, 2019). Financial institutions in many other countries, like France (Detrixhe, 2019) and Japan (Zmudzinski, 2019) have also expressed concerns regarding Libra's potential impact on national and international economies. A government panel in India has recommended banning Libra along with all other "cryptocurrencies created by non-sovereign" entities (Perez, 2019).

Other institutions and bodies are also concerned about the power Libra is putting in the hands of Facebook and the Libra Association. Damian Collins, Chair of the House of Commons' Digital, Culture, Media and Sport Committee, admitted to Financial News that "Facebook's almost trying to turn itself into its own country" with Libra. Collins added that "It's a global organisation that doesn't have physical boundaries but basically has a global community who are solely under the oversight of Mark Zuckerberg" (Weeks, 2019).

According to Reuters, the French finance minister has similarly declared that "These digital giants are turning into private states – states over which citizens have no control and where democracy has no place... We cannot let companies, which are serving private interests, gather all the attributes of sovereign states. We must act" (Leigh Thomas, 2019).

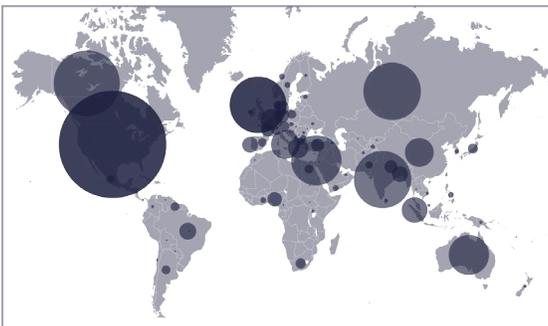
Other voices, more supportive of Libra, can be found as well. United States Congressman Tom Emmer, for one, wishes to embrace cryptocurrency in general. While he's averse to Libra itself, he believes that technology should not be held back and that nations should adopt and endorse even disruptive developments in the FinTech ecosystem (K B, 2019). Congressman Emmer's opinion, however, seems to be a rare find in the current discourse about Libra and cryptocurrencies in the halls of power. Many are concerned that Libra could cost nations their sovereignty.

Are these concerns exaggerated, or do they reflect an acute understanding of the new reality, and of Libra's potential for disruption? In this report, we gathered experts' opinions in an attempt to answer these questions.

WHO WE ARE: WIKISTRAT

We operate a global network of over 5,000 subject-matter experts, leveraging our interactive crowdsourcing platform for real-time wargames, scenario exercises, and innovation challenges. We harness human intelligence through technology-enabled, collaborative exercises. Founded in 2009, Wikistrat has developed a new paradigm for helping organizations understand and assess new technologies, solve complex problems, and think creatively about the future. This paradigm is characterized by the core features of Agility, Innovation, and Rapid and Cost-Effective Decision-Making. Unlike the traditional consulting model, Wikistrat operates a highly flexible, distributed expert network for bespoke recruitment and analytic tasking. Experts are queried around the clock, in response to global events and client requirements.

5,000+
ANALYSTS



ANALYSTS BY PROFESSION

1850+ PhD Holders	250+ PhD Candidates	1,350+ Executives
450+ Professors	350+ Former Military Officers	20+ Former Ambassadors
650+ Think Tank Fellows	50+ Former Diplomats	

ANALYSTS PER DESK

400+ Technological Trends	100+ North America	250+ Russia & Central Asia
150+ Cybersecurity	80+ Latin America	140+ Asia-Pacific
150+ Energy	350+ South Asia	750+ Middle East
165+ Macroeconomics	130+ Europe	120+ Africa

ABOUT THE AUTHORS |



DR. ROEY TZEZANA

Dr. Roey Tzezana is a futures studies researcher at Tel Aviv University and a research fellow at Brown University. He's been a lead researcher in XPRIZE, where he led research on the future of human longevity and age reversal. He acts as a scientific consultant to several firms and international bodies and is the author of best-selling books about the future of technology and society in which he also forecasts the future of the blockchain. He co-founded the SimPolitix project for political forecasting and TeleBuddy – a firm that operates telepresence robots around the globe, allowing him to teach, lecture and live in three different continents at the same time, using robotic avatars as his bodies. His research has led him to journey worldwide, from Kazakhstan to Latin America and even Antarctica, trying to understand how technology will impact humanity and reshape our society and institutions.



DR. MILLY PERRY

Dr. Perry is an expert and consultant for innovation, blockchain, and R&D. She is a former research director at The Open University of Israel and CEO of its TTO Company. Her first PhD is in Information Science, specializing in KM in Higher Education and Technology Transfer and Innovation. Dr. Perry was a Member of the National Committee for Israeli's Researchers Database, a board member at EARMA (European Association for Research Administration), and an active expert at the EC ERC-PoC. She is engaged in projects and expert groups in the WEF World Economic Forum and the EU and the founder of DAO4DAOs Institute and BUG Blockchain University Global.

She is also the author of the book "Blockchain – Turning egosystem to ecosystem", which includes a variety of use cases, blockchain principles, and practical ideas. The book facilitates and elaborates blockchain new paradigm implementation in society, business, companies, and governments.

METHODOLOGY

Following a preliminary literature review regarding some of the potential consequences of Libra, we identified the two main questions that policymakers currently wish to find answers to. Firstly, governments worldwide seek to understand whether Libra would constitute a threat to their sovereignty. Secondly, governments and firms alike wish to understand how (and whether) Libra could increase or diminish the power of global firms. We created a four-quadrant matrix depicting the intersection of the answers to these two questions. The X-axis depicts the change in the sovereign power that nations hold in their territories, and whether that power grows or wanes. The Y-axis depicts the growth in power of global firms. Each quadrant represents a different scenario (see Fig. 1).

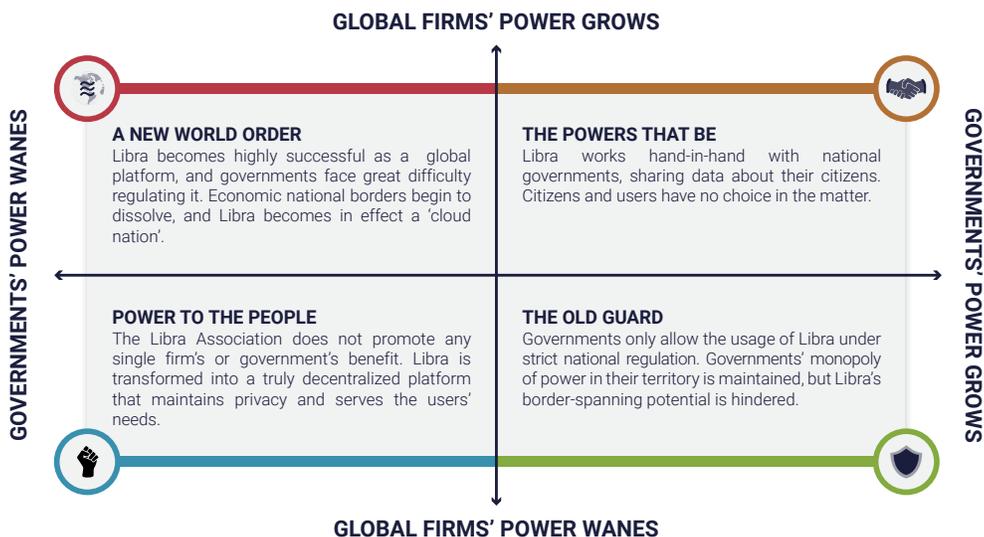


Fig. 1: Four scenarios for the future of Libra and nations.

Following this, we created a survey in which 30 experts from 16 different nations (Australia, Austria, Brazil, France, Germany, India, Israel, Italy, Japan, Jordan, Latvia, Nigeria, Romania, Singapore, Slovenia, and the United States) took part. Of the participants, 15 had expertise in “political science, geopolitics, or international relations”, making them uniquely suited to answer questions about the potential response of national governments to Libra. Fourteen also proclaimed expertise in “foresight and futures studies”. All the participants had at least a rudimentary knowledge of blockchain and Libra, with eight of them conducting research or working in this field and eleven others who have read reports about those issues. Ten other experts had only read popular articles about Libra and blockchain.

While, ideally, we would have liked to get responses from experts in political science, foresight, and blockchain/Libra, the fact is that such multi-talented experts are a rare find. As such, we were forced to settle for experts, mainly in political science and foresight, who also had some knowledge about Libra. In some cases, they were even working in the blockchain field.

The participants were asked to assess the likelihood that each scenario would be fulfilled by 2030 and to suggest potential actions for stakeholders (governments, international bodies, watchdog organizations, and users) that could either help fulfill this scenario or deal with its negative consequences.



FOUR SCENARIOS |



1. FIRST SCENARIO: **THE OLD GUARD PREVAILS**

In this scenario, governments only allow the usage of Libra under strict national regulation. In places where Libra does not obey governmental regulations, its use is sanctioned, ostracized, and even becomes illegal. Each government's monopoly of power in its territory is maintained, but Libra's border-spanning potential is hindered. In a very real way, this scenario means that Libra has failed in its most ambitious purpose: breaking down the high walls that have been built between nations.

1.1. FORECAST

The median likelihood assessment for this scenario arising by 2030 is 7 out of 10, making it the most probable scenario. The experts gave several reasons for this assessment:

- » Some experts believe that the Libra Association will initially go along with governmental requirements in order to spread its currency. Just as Google has

elected to accept selective rules for the use of its search engine in different countries, the Libra Association will follow different rules for a Russian citizen and an American one.

- » Countries will not easily accept Libra's threat to their sovereignty and will enforce strict regulatory guidelines to restrict and constrain its use in their territories.
- » The Libra Association is likely to negotiate and sign different agreements with different governments, finding ways to comply while creating as uniform a framework as possible, which can later be adapted into an internationally uniform framework.

1.2. POWER TO THE GOVERNMENTS

The rationale behind this scenario is that national governments still have a monopoly over the use of power, infrastructure, and communications in their territories. As such, governments can easily restrict and constrain the use of Libra unless the Libra Association agrees to each nation's regulatory system.

The policy tools governments could employ to ensure that Libra conforms to their regulatory demands include:

- » **Outlawing Libra:** Declare Libra a "rogue" currency exchange and enforce regulatory guidelines to restrict its use.
- » **Demolishing Facebook:** National governments and international unions (particularly the EU) could effectively bankrupt Facebook by using a combination of legal/regulatory actions to undermine the financial viability of the company, its officers, investors, and shareholders.
- » **Imposing banking regulations:** National and transnational governments could declare the Libra Association to be a financial services company/organization and, therefore, immediately subject to all national and international banking regulations. Indeed, as the Libra Association is de facto acting as a financial service provider, it could fall under numerous regulations that the banking industry endures today.
- » **Taxing Libra users:** Governments could impose higher goods and services taxes (such as VAT/GST) for using cryptocurrencies like Libra, thus limiting widespread use of Libra.
- » **Limiting Libra to small transactions:** Libra could be limited to relatively small transactions and excluded from the purchase of real estate, weapons, and similar high-level transactions.
- » **Making Libra unattractive to potential users:** Governments could impose fees on companies that utilize Libra and make it deliberately difficult for ordinary users to pay with Libra. For example, they could attach an official exchange rate of their local currency to each transaction made with Libra, and possibly ask the Libra Association and its ecosystem to bear the additional costs associated with assimilating Libra into the system.

In this scenario, governments use many of these policy and regulatory tools to stem the global potential of Libra and hinder its usability. The result is that Libra never truly takes off as an international coin and, instead, becomes mired in the regulatory and bureaucratic requirements set for the coin by each government.

1.3. INSIGHTS FOR WATCHDOG ORGANIZATIONS

In this scenario, the use of Libra becomes so heavily regulated that it differs dramatically between nations. The result is that watchdog organizations would find it difficult to monitor the system as a whole, owing to governments' wishes to maintain control over information about their citizens' transactions.

Watchdog organizations should, therefore, concern themselves with the level of details shared with each government and attempt to raise public awareness of new situations arising as a result of government and Libra data amalgamation.

Finally, the Libra Association will need to deal with national and international watchdog organizations on a per case basis and provide just enough data for the monitoring required/demanded in each state.

1.4. IS THIS AN INTERMEDIATE STAGE?

Is it possible that this scenario will be fulfilled as an intermediate stage before Libra fulfills its global potential? In this case, bilateral agreements and frameworks will allow citizens in many countries to use Libra to transfer money between nations with fully collaborative tax systems (for example Australia and New Zealand, or EU members). As Libra becomes more successful and its use becomes more widespread, it will eventually be able to reshape some national regulations to fit its global needs.

This development, should it occur, could progress to one of the other possible scenarios:

- » The second scenario (*The Powers That Be*), in which Libra becomes a global phenomenon and yet is still restricted by national regulations.
- » The third scenario (*A New World Order*), in which the Libra Association becomes a power of its own in the global arena and can refuse to accept regulation by many countries, including superpowers and national unions like the EU.

1.5. THE OPPOSING VIEW

While this scenario enjoys the highest likelihood score, there are dissenting opinions among the experts. Some believe that if the use of Libra becomes widespread, there is practically nothing that governments can do in the long term to regulate it. The situation is similar to that which the Motion Picture Association of America has encountered in the last two decades: while a few participants in the film-sharing movement have been arrested and fined, the overall trend has been impossible to stop. The same could happen with Libra, as it removes nearly all marginal costs for national and international money transfers and, thus, provides a dramatically improved service to users over that of nation states.

Furthermore, even if Libra itself becomes regulated into uselessness, some experts suggest that citizens will simply adopt other types of cryptocurrency systems that are less prone to governmental control. Many users will probably use Libra as a payment method for their overseas holiday, creating de facto international use, and thus challenge government restrictions.

Some experts believe that the Libra Association would simply have to refuse to accept a high level of regulation by governments. If that happens, governments will adopt

Libra much more slowly (if at all), which may mean a slower growth trajectory than the stakeholders are accustomed to. If the Libra Association perseveres with this course of action, however, it may well be that eventually many governments will be forced to agree to using the global coin after all, even on the Libra Association's terms.

These reasons have led the experts to believe that, while the governments will still have the upper hand in the near future, it is unlikely that they will completely shut the door to negotiation. Rather, governments will seek to enjoy the benefits Libra can confer on their economies while seeking to avoid the negative aspects of its use.



2. SECOND SCENARIO: **THE POWERS THAT BE**

In this scenario, Libra works hand-in-hand with national governments, sharing data with each government about its citizens. Libra becomes a globe-spanning platform but is mostly operating under the governments' laws and regulations. In effect, the Libra Association becomes an agent of the government.

2.1. FORECAST

The median likelihood assessment for this scenario arising by 2030 is 5.5 out of 10, making it the second most probable scenario. The experts gave several reasons for this assessment:

- » The Libra Association is essentially designed to work with governments.
- » There are many international stakeholders who are in a position to benefit from the adoption of Libra or risk lagging behind as the digital economy progresses without their assistance.
- » Even if governments reject the use of Libra, users may take the choice out of their hands by rapidly, even aggressively, adopting Libra as a means for transferring money and payments. In this case, governments will have no choice but to join the fray and allow the use of Libra, but with some regulation of the coin in their territories.

2.2. INSIGHTS FOR GOVERNMENTS

Governments should be aware that activities and data on Libra could be used as benchmarks and references to the country's economic activities. Governments will, therefore, face challenges in limiting the effects of index forecast by Libra data analysis.

Governments that choose not to collaborate with Libra can still regulate the use of Libra in their territories, by making its use illegal and conducting tax investigations against individuals/companies that are suspected of using Libra. However, it is possible that the governments will find their options – whether or not to accept Libra, and under what conditions – narrowing down rapidly. A faster-than-anticipated, global adoption of Libra by users, and a massive number of transactions conducted by users, may either force governments to join Libra or risk lagging behind in the global economic race. The same may happen if many governments accept Libra early on with minimal regulation.

Assuming such rapid adoption does not occur, the fulfillment of this scenario requires goodwill from both the Libra Association and the national governments that allow the cryptocurrency to be used in their territories. As one of the experts put it, the Libra Association will have to “play nice with governments and other stakeholders” and comply with regulatory demands. The Libra Association will also need to focus on

clearing concerns with respect to its governance system and operation. Pilots and flexible adoption plans will function as a trust-building framework that allows either side to proceed at the right pace while minimizing risks.

Meanwhile, governments will need to create detailed policies regulating the use of Libra in their territories. National governments and international bodies will want to develop and/or enhance transnational and national antitrust and anti-competition legal and enforcement frameworks. Legislative bodies in G20 governments will have to include Libra in the jurisdiction of relevant financial oversight committees so that routine, public hearings with a range of experts will become common practice and ensure that Libra is constantly being regulated and scrutinized.

National governments should ramp up enforcement of antitrust and anti-competition laws, financial crime and privacy laws, including making corporations and their officers strictly liable for violations of these laws and individually punishable for corporate misdeeds. Governments with common interests (such as Australia and New Zealand, or EU members) may decide to coordinate and present uniform requests to the Libra Association.

Meanwhile, governments that wish to utilize Libra to the best extent will need to create interfaces with Libra for their own tax frameworks so taxes can be integrated and collected even faster than FIAT money, and transactions can be conducted with fewer AML concerns.

Finally, governments will want to educate their citizens about the importance of data privacy and proper regulation to ensure that Libra would work with the governments and not outside of their control. Either way, countries that adopt Libra would have to adopt digitization governance processes (like tax and data collection) and, thus, Libra may act as a catalyst for developments in digital governance and the finance sector.

2.3. GLOBAL SUPPORT FOR LIBRA

International bodies such as the International Monetary Fund (IMF) could help in the realization of this scenario by requesting that nations integrate Libra data in their monetary auditing and periodic economic reports. The IMF may also stipulate that some of the financial aid and loans it provides will be subject to disclosure of relevant Libra data.

The experts believe that this scenario could become more plausible if the major superpowers were to support the Libra platform. Some of the experts suspect that Libra will be associated with Facebook – an American firm – and thus perceived as an agent of the United States, leading to the rejection of Libra by Russia and China. Others posit that China and Russia will support the new cryptocurrency under the perception that it could destabilize the dollar dominance. China, specifically, could capitalize on its domestic experience with digital payment systems and promote the use of Libra (with its Chinese collaborators) in the economies of East Asia and within Belt-and-Road Initiative partners.

Some nations that are currently facing international sanctions may also adopt the new cryptocurrency for their needs. In failing economies with exploding inflation, Libra may experience rapid adoption.

2.4. A FUTURE WITHOUT PRIVACY

It is clear that in this scenario, privacy could well find itself on the losing side. Many governments – especially ones that do not have strict privacy laws – could, and would, utilize Libra as a way to track their citizens everywhere. Citizens and users may discover that they have no choice in the matter and will be forced to agree to this lack of privacy in order to enjoy Libra’s services.

The experts recognized the inherent risk in this scenario and have recommended taking several steps to minimize it. These include:

- » **Privacy laws:** Designing effective privacy laws that enable users to decide which data to share under different conditions. Democratic governments and international organizations, especially, should push to develop such laws that would then be enforced globally by Libra.
- » **Monitoring by watchdog organizations:** Allowing watchdog organizations to bypass Libra’s security barrier so they can combat tax evasion and money laundering, as well as speculation, as long as the information is not shared with governments.
- » **Awareness campaigns about privacy and Libra:** Governments, international and watchdog organizations should create awareness campaigns to educate the public about Libra, its purposes, and why it is being introduced as a collaboration between the private sector and the government. Special focus on privacy issues is a necessity.
- » **Establishing legal protocols for sharing data:** The Libra Association should work with G20 governments to establish model legal protocols for sharing financial data in response to a lawful request. Individual countries, or blocs such as the EU, may choose to impose more restrictive procedures based on their routine practices.
- » **Establishing an independent unit to look after Libra:** The Libra Association can establish an independent privacy and civil liberties oversight unit to monitor and publicly report on the development and evolution of the platform.
- » **Examination by multilateral bodies:** Multilateral bodies, such as the Financial Action Task Force (FATF), can and should extend their examination of cryptocurrencies to include Libra, to deter and prevent its use for illicit funding transfers.
- » **Establishing the element of choice:** Users of Libra should be aware of the complete transparency of their actions to the government, including data fusion of their actions in social networks. Hence, they should have the right to use alternative payment methods in case they desire more privacy.



3. THIRD SCENARIO: **A NEW WORLD ORDER**

In this scenario, Libra becomes highly successful as a global platform and governments face great difficulty regulating it. When governments try to impose regulations ('fair' or 'unfair', depending on one's point of view) on the Libra Association, they encounter pushback from the entire association, limiting the access of their citizens to the platform. As a result, economic national borders begin to dissolve and Libra becomes, in effect, a 'cloud nation' that encompasses the citizenry of dozens of nations all over the world.

3.1. FORECAST

The median likelihood assessment for this scenario arising by 2030 is 4.5 out of 10, making it the third most probable scenario. The experts gave several reasons for this assessment:

- » The sheer volume of Libra users (2.3 billion potential users) will ensure that it will have the power it needs to enforce its own policies and rules on nation states.
- » In many nations with weak economies, the regulatory bodies will have a hard time stopping their citizens from using Libra, leading to massive adoption at grassroots-level.
- » All the same, the world's superpowers (US, Russia, China, EU) will still want to impose strict regulation over Libra, thus limiting its potential and hindering a rapid global adoption.

3.2. INSIGHTS FOR THE LIBRA ASSOCIATION

If the Libra Association wishes to achieve this scenario by 2030, it must acquire a massive number of users within the first few years of its existence. The experts believe it'll be easier for the Libra Association to reach a larger number of users by way of a few policy decisions. These include:

- » **Focus on privacy:** The experts believe that the negative reputation of several of the Libra Association founding members (like Uber and Facebook) will make it difficult for them to fulfill this scenario. There are many privacy issues that remain unanswered or are highly problematic. Thus, to make this scenario more feasible, the privacy issues would need to be solved. That said, experience from the last decade shows that at large, the public is tolerant of personal privacy breaches.
- » **Focus on small transactions:** The Libra Association may wish to restrict transactions to relatively small ones and exclude large transactions (like real

estate) or controversial ones (like purchasing weapons).

- » **Focus on responsibility:** The Libra Association members will clearly have a great deal of power. They will need to be mindful of the responsibility that comes along with that power and stay focused on the core philosophy that started the process – i.e. serving the people.
- » **Focus on transparency:** There is a mismatch between the Libra Association’s ambitions to recreate a system and its organizational chart. The Libra Association aims to incorporate at least 100 companies and organizations in governing the Libra coin, which raises many questions regarding the exact structure of the governance system. Publications refer to an archaic model of a council and board and a few directors and executives; “old school” tools for such a disruptive technology.
- » **Considering moving to a DAO-based scheme:** It may be that a DAO (Decentralized Autonomous Organization based on smart contracts) infrastructure would increase transparency, accountability, and trust in the association and in its decision-making process (Milly, 2019). It is even possible that by switching to a DAO-like system, the Libra Association will ease some of the regulatory burden from governments and international bodies.
- » **Supporting watchdog organizations:** Watchdog organizations could monitor the Libra Association’s adherence to its core philosophy and privacy laws and rules. They could also direct potential users to Libra and guide them in using it, but only if the watchdog organizations are confident Libra is indeed fulfilling its part in the bargain and not shirking its responsibility for privacy and ethical behavior.
- » **Collaborating with governments:** The Libra Association could find early state-level partners, especially third-world countries, which would receive favorable terms by allowing their citizens to use Libra freely and even assimilating the coin into their national economies.
- » **Putting focus on user experience:** The Libra Association needs to make Libra (and its associated wallets) as easy to use as possible.
- » **Incentivizing potential users to join and use Libra:** The Libra Association could incentivize potential users to use Libra by offering them monetary rewards (in cryptocurrency, of course) and utilizing other reward systems.
- » **Allaying nationalistic pride:** Nationalistic pride could hinder the global potential of Libra and needs to be allayed. Alternatively, the Libra Association could play on potential users’ distrust in their governments, economies, and financial institutes.
- » **Working with international bodies:** The Libra Association could work more closely with international bodies, like the International Monetary Fund, which by their very nature are mandated to be representative of the discrete governments.
- » **Emphasizing Libra’s benefits:** The Libra Association should focus on consistent dissemination of the benefits Libra could provide both to people and to governments and international bodies.
- » **Creating an international terminology and protocols:** The Libra Association could create a new international terminology and protocol – like an international “finance language” – that will help even laypeople take part in the global

economy, stock market, and (in the future) global taxation schemes.

- » **Avoiding unnecessary tariffs and taxation:** If the Libra Association appends corporate or Libra-based tariffs and taxes (with or without the cooperation of governments), they may alienate their user base.
- » **Pitting nations against each other:** The Libra Association could induce tensions between nations regarding the rules and international regulations that the association would accept. While the nations quarrel among themselves on this issue, the Libra Association could carry on its quest to obtain more users.
- » **Stalling:** The Libra Association could stall for time by 'playing nice' with governments and international bodies and negotiating with them about its terms of conduct. In the meantime, however, and before countries have had time to adapt to the new reality, it will continue recruiting as many users as possible.

The Libra Association could try to involve governments and the UN in the envisioned vision of how this technology might work. This would encourage these organizations to, at least, start planning for the development of policies.

3.3. THE RISKY PATH

If speed of adoption is deemed to be the main parameter for Libra's success, the Libra Association could take a great risk by offering Facebook users the capability to use Libra without involving governments in the fine details. They can offer users protection from sharing their data with governments (within or without local law permissions), as long as there is no agreed framework between Libra and the user governments. For companies, they can actively assist and refer to legal ways to run business activities under a Libra-supportive domicile.

Obviously, this is a highly risky endeavor to take, and one which may bring about swift and direct retribution against the Libra Association and its member organizations. This path does become more reasonable and less risky if two conditions are fulfilled:

- » The Libra Association manages to recruit a large number of member organizations that can exert enough economic and financial power on governments to deter them from acting directly against the member organizations.
- » The Libra Association succeeds in recruiting a massive number of users so that a disruption to Libra will cause a disruption to the global economy as well.

The fulfillment of these two conditions depends on the assumption that the Libra Association will move quickly and decisively to establish a global economy based on Libra and many international firms will join the association. These stipulations can only be fulfilled if governments do not respond in time to Libra's existence and potential consequences. If governments choose to act against Libra from the get-go, in the form of sanctions and penalties that Libra users will incur, then this scenario becomes less likely.

As an alternative to collaborating with governments, the Libra Association could choose to closely collaborate with watchdog organizations. These organizations could ensure that the Libra Association behaves ethically and responsibly without the involvement of any governing body in the regulation process.

3.4. THE GOVERNMENTS STRIKE BACK

Governments can hardly be expected to sit back idly while the Libra Association snatches control over the global – and even national – economy from under their feet. If governments wish to prevent Libra from becoming a global coin, they could employ many of the policy tools and regulations covered in the first scenario (*The Old Guard Prevails*).

However, some of the experts believe that governments should not strike back, or act preemptively, blindly and with no finesse. Instead, governments should be mindful of the potential benefits of Libra as a global coin and should invest in researching cryptocurrencies and develop new legislative tools and concepts to help deal with them. This would mean significantly reinvesting in social scientists and other researchers that can help develop policies to prepare for the future.

In case Libra does, indeed, become a global coin outside governmental control, governments will need to track and monitor Libra data even without the cooperation of the Libra Association. The governments will use the data they acquire to sanction some Libra users.

3.5. A STRANGE NEW WORLD

If this scenario becomes reality and Libra becomes a global coin that is outside governmental control, many concerns immediately become apparent. These include:

- » **Privacy issues:** How does the Libra Association define privacy and users' rights? How does it prevent breaches of privacy, especially when there are no set international regulations that it adheres to?
- » **Justice:** What sanctions can the Libra Association put in place for members of the organization that choose to renege on the rules agreed upon? Who judges and arbitrates in such disputes? While some global firms today create a justice and dispute resolution system of their own (like Amazon and eBay), those systems do not always provide real justice and are often biased in favor of the firm. The Libra Association will need to develop alternative, unbiased, and transparent governance and justice models for its own Libra universe.
- » **Preventing illegal and dangerous activities:** If Libra is outside governmental control, it could easily be used to conduct money laundering, smuggling, and human trafficking operations, and to support terrorist groups. How can the Libra Association identify such bad actors and prevent them from using the coin for these purposes?
- » **Using physical force:** Can the Libra Association physically fight back if its infrastructure is attacked on the ground? Can it recruit 'soldiers'?
- » **Governance systems:** If Libra succeeds in becoming a global coin, with the Libra Association controlling it (i.e. governing over it), how can the common users influence this governing system? When the Libra Association becomes more dominant than any single country, will it turn out to be a totalitarian regime or a democratic one?

Finally, the success of Libra could come at the expense of national governments and economies. Businesses in nations that refuse to use Libra may choose to relocate to a Libra-friendly domicile, especially if they're digital/online. Some end users may choose

to disassociate their digital identity from their national identity (e.g. hide behind a fake identity or operate under a foreign ID when dealing with Libra) so they can escape painful regulatory actions targeting Libra users. In the long term, and at a large-enough scale, such actions could disrupt national economies.

As governments lose control over their economy, the IMF may suspend its assistance to those nations unless they can achieve better regulation, which can only be achieved by compliance with Libra.



1.4. FOURTH SCENARIO: **POWER TO THE PEOPLE**

In this scenario, governments fail to regulate the new platform, but the Libra Association is reluctant to exert its power over its users. As a result, the platform is geared to mainly serve the public: privacy rules supreme and users have the power to decide how their data will be handled. Governments discover that many of their services are not required anymore, as citizens choose to use Libra's services instead – even for services that traditionally reside within the governmental sphere, like social security or unified healthcare insurance.

4.1. FORECAST

The median likelihood assessment for this scenario arising by 2030 is 3 out of 10, making it the least probable scenario. However, this scenario may still come to happen, potentially in the following way:

- » If Libra is to be successful, the Libra Association would have to constantly be working toward maintaining the trust of their users and keeping them up-to-date in terms of data storage and protection.
- » Watchdog organizations would be intimately involved in the operations of Libra (probably as members of the Libra Association) and will ensure the privacy of users. In many cases, they will even prevent the release of users' data to governments, thus distancing Libra from governmental control.
- » Users will be technologically savvy enough to demand control over their data and avoid Libra-based services that do not respect their wishes. As a result, the Libra Association will maintain a high degree of privacy and ethical behavior.
- » Even if the Libra Association fails in its attempt to collaborate with governments, it can declare a change of direction and open the system to all users, with a privacy policy that protects the users, leading to this scenario.

4.2. HOW CAN GOVERNMENTS PRESERVE THEIR POWER?

In a very real sense, this is the governments' worst nightmare scenario. In the third scenario (*A New World Order*), the Libra Association essentially becomes the largest governing body on Earth. But, even then, governments could still be reasonably sure that a 'responsible adult' is holding the reins. And of course, they could always warn the public that the Libra Association only wants their money, whereas the government just wants to take care of the people.

If only it were that easy for governments in the fourth scenario.

In this scenario, neither governments nor the Libra Association is controlling Libra or exercising censorship over the transactions conducted using the cryptocurrency. The immediate and most noticeable result (and the one most shrilly declaimed by governments worldwide) would be that terrorists and criminals could use the cryptocurrency to support their efforts.

The secondary effect – which would be much more profound in the long term – would be that governments become unable to dismiss Libra as an attempt by Facebook to gain control. As such, their best chance to compete against Libra would be by providing better services to their citizens than Libra-based ones: healthcare, insurance, public transportation, etc. If governments fail to compete with these cloud services, they will find their citizens flocking wholeheartedly to better service providers, such as those found on the Libra system.

As one of the experts put it:

"If Libra-denominated services are cheaper to consumers, then those will emerge as dominant. Healthcare services user groups could replace insurance companies to negotiate prices with healthcare providers. Insurers today can specify their plan's doctors, so a user group formed within Libra could develop a network of providers. If the providers are guaranteed payment up to some share of what is billed and the user is guaranteed service (healthcare), such a system could potentially compete with traditional health insurance."

It is not clear whether nations can compete with many of the services that could be offered using an unregulated Libra. What is clear is that governments would have to become dramatically more efficient in their operations, and in the services they offer their citizens, if they wish to maintain control over their economies in this scenario.

Alternatively, governments would need to re-envision what they're actually meant to accomplish and figure out their new position and its value to the citizens.

4.3. POWER TO THE USERS?

For this scenario to happen, users need to make their demands and requirements from Libra clear. They can do so by supporting watchdog organizations or erecting other institutions and foundations that convey their wishes to the Libra Association. It is even possible that online surveys (on Facebook?) will be used to understand what users want from Libra.

As Libra is expected to be an open ecosystem for developers (according to its white paper (Libra, 2019)), users will be able to create their own service-providing businesses. Users will also be able to essentially create a parallel economy, for example by renting rooms (like Airbnb) only to other Libra users, or driving other Libra users around (like Uber/Lyft). That alone could sustain the value of Libra. Even more importantly, users could even create Libra-based governance systems that would be used to convey their ideas, desires, and demands to the Libra Association.

4.4. A NEW ROLE FOR THE UNITED NATIONS?

While the use of Libra as a global cryptocurrency could certainly disrupt the sovereignty of nations and their economies, it is not necessarily a bad thing. Libra could support the 1.7 billion people who are unbanked today. What's more, Libra could help many developing countries by making it easier to transfer money to these nations and follow

the trail the money leaves behind to prevent corruption. In a world where nationalism is on the rise, Libra could even help individuals and organizations in different countries work together to overcome global challenges, like global warming.

All these benefits, however, are contingent on having a governing body that ensures Libra is being put to good use and is not misused by nations, individuals, or the Libra Association. There is need, in effect, for a new kind of United Nations: a new global organization that can bring together and represent nations, the Libra Association, and the citizens and users of both.

The experts suggest that the UN would be a prime candidate for this role if it would accept a new vision and purpose and rearrange itself accordingly. If the UN chooses to do so, it is possible that it will experience a resurgence of its relevance in the global arena.

4.5. AN UNLIKELY SCENARIO

Fortunately or not, depending on one's view of the current world order, the experts believe that this scenario is the least likely to be fulfilled, for two reasons.

First, assuming that the Libra Association fails to convince governments of its necessity, it will probably choose to refrain from launching Libra. Launching Libra without some level of governmental consent is likely to damage the reputation – and pockets – of many members of the Libra Association.

Second, the fulfillment of this scenario requires a more distributed and decentralized system than the one the Libra Association is currently planning to launch. The technologies required to create a system that is truly under no one's control, simply do not exist yet.

Even if this scenario comes to pass, governments can still fight back – though it won't be easy. They can oppose Libra similarly to the way they oppose Bitcoin: by making it difficult to conduct transactions in the new cryptocurrency, and generally making life difficult for users – by forcing them to undergo complete tax auditing, for example.

5. THE UN AND LIBRA

The experts believe that the rise of Libra might be an opportunity for the UN to gain some measure of power and authority by joining the Libra Association board. In that way, it can exert some influence in this global arena. The UN can also provide the Libra Association with the status of a virtual state in the UN in return and provide it with power in the old world.

Another possibility is that the UN will choose to resist the introduction of this new global framework player, which may diminish the UN's power. In that case, the UN could coordinate the actions and demands of many national governments and act as an intermediary between them and the Libra Association.

In either case, it seems the UN could become a major actor in the wake of Libra – either by embracing it or by objecting to it as a representative of the member nations. Whatever position the UN takes in the matter, though, the organization should remember that other global firms may come up with international coins of their own, and its decision about the Libra Association may need to be expanded to include those firms as well.



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